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CORRESPONDENCE.

Lien for Federal Taxes.—We are glad to publish the following timely communication from Mr. L. T. Hyatt, of Lynchburg, Clerk of the U. S. District Court for the Western District of Virginia, relative to a new lien which seems likely to affect and complicate land titles in Virginia:

The purpose of this letter is to bring to the attention of the members of the Virginia bar, and more particularly to title attorneys, a comparatively recent statute relative to the LIEN in favor of the United States for taxes assessed.

The statute referred to is quoted in full, as follows:

"An Act To amend section thirty-one hundred and eighty-six of the Revised Statutes of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section thirty-one hundred and eighty-six of the Revised Statutes be, and the same is hereby, amended so as to read as follows:

"Sec. 3186. If any person liable to pay any tax neglects or refuses to pay the same after demand, the amount shall be a lien in favor of the United States from the time when the assessment list was received by the collector, except when otherwise provided, until paid, with the interest, penalties, and costs that may accrue in addition thereto upon all property and rights to property belonging to such person: *Provided, however,* That such lien shall not be valid as against any mortgagee, purchaser, or judgment creditor until notice of such lien shall be filed by the collector in the office of the clerk of the district court of the district within which the property subject to such lien is situated. *Provided, further,* Whenever any State by appropriate legislation authorizes the filing of such notice in the office of the registrar or recorder of deeds of the counties of that State, or in the State of Louisiana in the parishes thereof, then such lien shall not be valid in that State as against any mortgagee, purchaser, or judgment creditor, until such notice shall be filed in the office of the registrar or recorder of deeds of the county or counties, or parish or parishes in the State of Louisiana, with which the property subject to the lien is situated." Approved, March 4, 1913.

Prior to the enactment of the Federal Income Tax laws and the War Revenue measures, this statute was of little interest to the legal profession, or to the public generally, for the reason that comparatively few persons paid direct taxes to the United States; but since the enactment of said laws, great numbers of our people are liable for direct taxes to the Federal Government, and said statute has become one of vital importance to a large number of our people.

So far as I have been able to find our Virginia Legislature has made

no provision for the filing, or docketing, of this lien of the United States for assessed taxes, in the respective clerk's offices of the counties and cities of the State, in which the person assessed resides, or in which his property is situated, so as to give notice thereof to purchasers and emcumbrancers. The last proviso of said act may therefore be disregarded, at the present, and until the General Assembly acts.

The plain purpose of the law is to make the property of the person assessed with Federal Tax subject to a lien for the amount of the tax assessed, in case the tax is not paid on demand.

The statute further provides, in effect, that after notice of such lien has been filed by the collector in the office of the clerk of the district court of the district within which the property subject to the lien is situated, the same shall be valid as against any mortgagee, purchaser, or judgment creditor.

It would therefore seem to be necessary for the examiner of the title to real estate to go to the office of the clerk of the United States District Court in the district in which the land is situated, and there ascertain whether any tax lien in favor of the United States has been filed, before he can certify that the land in question is free from liens.

While the mere filing of notice of the lien by the collector in the office of the clerk of the U. S. District Court is all that the statute seems to require to give notice to purchasers, &c., it is the practice in the Western District of Virginia, not only to file the notice in the clerk's office, but also to docket and index same in the Judgment Lien Docket in said office.

Quite a number of these tax liens have been filed.